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**DEPARTMENT OF HIGHER EDUCATION**

**NOTIFICATION**

The 23rd November, 2023

[ No.51396—HE-LSFXI-MISC-0017/2016/H.E. ]

**Subject: Guidelines for Interest Subvention Scheme "Kalinga Sikhya Sathi Yojana" on education loan availed by students of Odisha pursuing higher studies.**

**1. BACKGROUND:**

Government of Odisha in Higher Education Department has been running the interest subvention scheme "Kalinga Sikhya Sathi Yojana" since 2017, benefitting students in larger number by providing them interest subsidy at such a rate that the net interest payable by the student after the moratorium period becomes 1% per annum on educational loans up to Rs. 10 lakhs for pursuing higher studies within India. The existing scheme has now been revised to provide 100% interest subsidy to the students on their Educational Loans for pursuing higher studies within India and abroad.

**2. SCOPE:**

- i. The scheme offers 100% interest subvention, relieving students from paying interest on educational loans, with a repayment period not exceeding 15 years.
- ii. The scheme is applicable on all educational loans from all the Scheduled Banks of India.
- iii. Interest subsidy under KSSY is admissible only once either for undergraduate or post graduate or integrated courses. Under the scheme, interest subsidy on education loan is provided for a maximum amount of Rs. 15.00 lakhs (In case sanctioned loan amount is above Rs. 15.00 lakhs, then interest subsidy will be limited to loan amount of Rs. 15.00 lakhs only).

- iv. The Scheme will be applicable for the beneficiaries of CSIS Scheme/Educational Loan Scheme of Indian Banks' Association (IBA) to avail the benefits under KSSY Scheme.
- v. Claim of interest subvention for the students whose annual parental income is up to Rs. 4.5 lakhs shall be covered under the CSIS Scheme during moratorium period and subsequently from KSSY. Students whose parental income from all sources is within Rs. 4.5 lakhs to Rs. 8.0 lakhs, the claim of interest subvention will be covered under KSSY
- vi. Under KSSY Scheme, the interest payable on the Educational Loan for both the moratorium period (**i.e., Course Period plus one year**) and after the moratorium period will be borne by the Government of Odisha. The students have to pay only the EMIs after the moratorium period.

### **3. APPLICABLE ACADEMIC YEAR:**

- i. The modified Scheme shall be applicable from the financial year 2023-24. It covers fresh bank loans availed on or after 1st April, 2023.
- ii. Loans disbursed by banks prior to dated the 1st April, 2023 shall be covered under previous criteria of the scheme.

### **4. ELIGIBILITY OF STUDENTS FOR KSSY:**

- i. Must be a resident of Odisha.
- ii. Family income up to Rs. 8.00 lakhs per annum from all sources. Must have secured admission to a higher education course in recognized institutions in India or abroad.
- iv. Must have availed loan from a scheduled bank under CSIS/ Education Loan Scheme of the Indian Banks Association (IBA) for the purpose.
- v. Applicable only once either for Undergraduate or for Post Graduate degree course. This is also admissible for Integrated Courses (Graduate + Post Graduate).
- vi. Interest subsidy under this scheme shall not be available to those students who discontinue their course midstream, or who are expelled from the Institution on disciplinary or academic grounds or gives up Indian Citizenship during the tenure of the period.

**Note I** –The residential certificate shall be issued by the Revenue Officer not below the rank of Additional Tahasildar for the above purpose.

### **5. NODAL BANK:**

The scheme shall continue to be implemented through State Bank of India which is the Nodal Bank for KSSY.

**6. MODE OF IMPLEMENTATION:**

The scheme will be administered through the State Scholarship Portal (website: <https://scholarship.odisha.gov.in/> website/ home), with payments made through the Direct Benefit Transfer (DBT) mode. For more clarity on the implementation process refer to the Modalities.

**7. DISBURSEMENT OF INTEREST SUBSIDY CLAIMS:**

- i. The interest subsidy claims made by the Nodal Bank on behalf of loanee students shall be directly disbursed to the education loan accounts of the beneficiaries in DBT mode through State Scholarship Portal.
- ii. It is the sole responsibility of lending bank to claim interest subsidy on behalf of eligible beneficiary on yearly basis.

**8. MODE OF REPAYMENT:**

- i. The total period for repayment of the loan shall be restricted to tenure of 15 years and the account should be 'standard'. Student shall start repaying the EMIs just after completion of the moratorium period.
- ii. Temporary default in repayment of loan up to a period of 90 days is permitted for payment of interest subsidy. The interest subvention towards penal interest, if any, charged by bank for the default period will not be borne by the Government.
- iii. If any default in repayment of loan beyond 90 days is corrected by the borrower through repayment of arrear interest and principal and the NPA becomes a standard account, the benefit of interest subvention will apply from the date when the bad loan/NPA again turns 'standard'.
9. The earlier Resolution No.22869/HE., dated the 10th August, 2016 and subsequent corrigendum No.28402, dated the 3rd October, 2016, corrigendum No. 20285, dated the 4th August 2017 and No. 24467, dated the 28th August, 2018 issued to this effect is partially superseded accordingly. The students who have availed educational loan prior to dated the 1st April, 2023 shall be guided under the previous criteria of the scheme.
10. In case of any doubt, on any provision of this Notification, the matter shall be referred to the Government and the decision of the Government in Higher Education Department shall be final.

## PART-II

### MODALITIES FOR IMPLEMENTATION OF KALINGA SIKHYA SATHI YOJANA

- i. As per the provisions laid above, students who have availed fresh education loans on or after dated the 1st April, 2023 shall only be eligible for such benefit and the selection of beneficiaries and the documentation including security against the loan will be as per the terms of the respective lending banks.
- ii. To channelize the interest subsidy under the scheme and to co-ordinate with all other banks within the State of Odisha, **State Bank of India** has been declared as the **Nodal Bank** for implementation of the scheme "Kalinga Sikhya Sathi Yojana". This initiative is aimed to facilitate faster and efficient disposal of interest subsidy applications and timely payment of subsidy amount to the beneficiaries through DBT mode.
- iii. The scheme shall be adopted by all scheduled banks in Odisha as per listing by the Reserve Bank of India.
- iv. A module has been developed in the State Scholarship Portal so as to implement & monitor the scheme online through which a student can apply for interest subsidy after availing education loan from any scheduled bank in India.
- v. The student will initially approach the scheduled bank of his choice and avail education loan up to Rs.15 lakhs (Even sanctioned loan amount in excess of Rs.15.00 lakhs would qualify for interest subsidy up to Rs.15.00 lakhs only) and then apply for interest subsidy through the State Scholarship Portal. Student must carefully feed all information & upload documents in the portal.
- vi. In the State Scholarship Portal, student's application will undergo three stage verification i.e., at Bank level, at Nodal Bank & lastly at the Department of Higher Education (For detailed process flow refer Instruction Manual available at website <https://scholarship.odisha.gov.in/website/home>).
- vii. All Regional Heads of the scheduled Banks and the Nodal Bank shall be given user id and password to monitor and validate the online applications of the students in the State Scholarship Portal.
- viii. It is the sole responsibility of the lending bank to claim actual interest subsidy amount on behalf of eligible beneficiary on yearly basis through the Nodal Bank.

- ix. The Nodal Bank shall submit the claim on account of interest subsidy on or before 30th September every year through the State Scholarship Portal. However, in exceptional case on the suggestion of the Nodal Bank, the lending bank may be permitted to submit the claim latest by 31st December. No claim shall be entertained after 31st December pertaining to a particular year. Any delay in submission or non-submission of claim by the lending bank to State Bank of India, the Department of Higher Education will not be responsible for such delay/non-submission of claim and non-payment of interest subsidy.
- x. The interest subsidy claims made by the Nodal Bank on behalf of loanee students shall be directly disbursed to the education loan accounts of the beneficiaries in DBT mode through State Scholarship Portal.
- xi. While furnishing the claim on account of interest subsidy, the lending bank shall update the required information in the portal and furnish the followings to the Nodal Bank and Higher Education Department:
  - a. An **undertaking** to the effect that the claim submitted in respect of the students is as per terms and conditions of the scheme as **at Annexure- I.**
  - b. A certificate indicating details of interest subsidy amount with number of accounts duly certified by the statutory auditors of the banks as **at Annexure-II.**
- xii. All the scheduled banks will display the terms and conditions of the scheme within their premises so that a student before applying for education loan from a bank can be educated about the scheme.
- xiii. While recommending the application of the student through the State Scholarship Portal, the Nodal Bank shall certify that the student is a regular payee of the monthly installments (EMIs) incurred from the loan amount. In case of any defaulter student i.e., student who has not paid the EMIs for more than 90 days (as prescribed in Corrigendum No.20285, dated the 4th August, 2017), the bank shall intimate the Department regarding the defaulter student and shall, at its own initiative, seize the loan account of the defaulting student. The interest subsidy claims of such defaulting student shall not be processed further. The report of such seizure of loan accounts shall be communicated to this department.

- xiv. The Savings Bank account (subsidy account) opened in State Bank of India; Secretariat Branch shall function as usual for disbursement of the claims of the students who have availed educational loans prior to dated 1st April, 2023.
- xv. Excess amount of subsidy, if any, claimed by the bank which is reported at a later time shall be refunded to the subsidy account forthwith with an interest @18% per annum for the period of delay.
- xvi. The Government Officials authorized by Higher Education Department will have Authority to verify the veracity of the claim of subsidy at any point of time.
- xvii. Revision of any provision(s), of so required, outlined above can only be made Higher Education Department in consultation with the Nodal Bank.

**ORDER-** Ordered that the Notification be published in an Extraordinary Issue of *Odisha Gazette* for general information of public. Ordered also that copy of the Notification be forwarded to all Departments of the Government/All Heads of the Department /All Collectors/Registrar, Odisha High Court.

By Order of the Governor  
ARAVIND AGRAWAL  
Commissioner-cum-Secretary to Government